AGENDA
WATAUGA CITY COUNCIL
WORKSHOP MEETING
MONDAY, AUGUST 7, 2023
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
5:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **City Council Workshop Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

CALL TO ORDER (Council Members, City Staff, Members of the Public - when speaking during the meeting please speak directly into the microphones on the dais or podium)

ROLL CALL

ANNOUNCEMENTS

PUBLIC COMMENT If speaking for an organization or group, the speaker should identify the group represented. If speaking during Public Comment (for matters not posted on that particular meeting's agenda), members of the City Council and Staff may only provide a statement of factual information in response to the inquiry or recite existing policy in response (e.g., to correct a factual misstatement made by the citizen or provide factual information requested by the citizen). Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting. If necessary, the Chair will task the City Manager to respond to the citizen and report back to the City Council as soon as practicable. Such report to the-City Council shall not constitute a meeting called by the City Council nor shall it constitute deliberation or formal action. Individual citizens addressing the City Council during Public Comment shall not exceed three (3) minutes in their comments; however, the Chair may extend or reduce the speaker's allotted time in order to conduct an efficient and effective public meeting. The time allotted shall not be donated to others desiring to speak. Public Comment is not established to engage in a conversation with the Council and no formal Council action will be taken.

PUBLIC TESTIMONY FOR ACTION ITEMS Only those persons who submit a completed Request to Speak form prior to the agenda item being introduced by the Chair will be allowed to speak on agenda items set for action (this doesn't include presentations or reports). The Chair shall ask each person requesting to speak to approach the podium when called to speak. Speakers time shall generally not exceed three (3) minutes in their comments and all comments must be germane to the specific agenda item being discussed; however, the Chair may extend or reduce the speaker's allotted time. Speakers shall not be permitted to donate their time to other speakers. Members of the City Council may ask questions or discuss the item directly with the citizen during the citizen's testimony if necessary. Any discussion between a Council member and the citizen will not count toward the time limit and Council Members are encouraged not to speak until the citizen has first utilized their allocated time.

PRESENTATIONS

1. Presentation of the City Manager's Proposed Budget - Overview
   Sandra Gibson, Director of Finance

2. Presentation of the City Manager's Proposed Budget - Departmental Budgets
   Sandra Gibson, Director of Finance

ADJOURNMENT

Meeting Notices and Reservation of Rights
The City Council may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the [City Council/Board/Commission/Committee] to address a subject matter on the agenda. Action, if any, will be taken in open session.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST

BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Linda Proskey, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on August 4, 2023, before 6:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

Linda Proskey, City Secretary

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: July 17, 2023

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Joshua Jones, City Manager

SUBJECT: Presentation of the City Manager's Proposed Budget - Overview

BACKGROUND/INFORMATION:

Staff will present an overview of the revenues and expenditures, fund summaries, and tax rate calculations within the 2023-2024 Proposed Budget.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Budget Workshop Presentation 8-7-2023

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 8/2/2023
Linda Proskey, City Secretary	Final Approval - 8/2/2023

Approved as to form for inclusion on Agenda

Budget Workshop
August 7, 2023

Proposed Budget
Fiscal Year 2023-2024

FY2024 Proposed Budget

October 1, 2023 - September 30, 2024

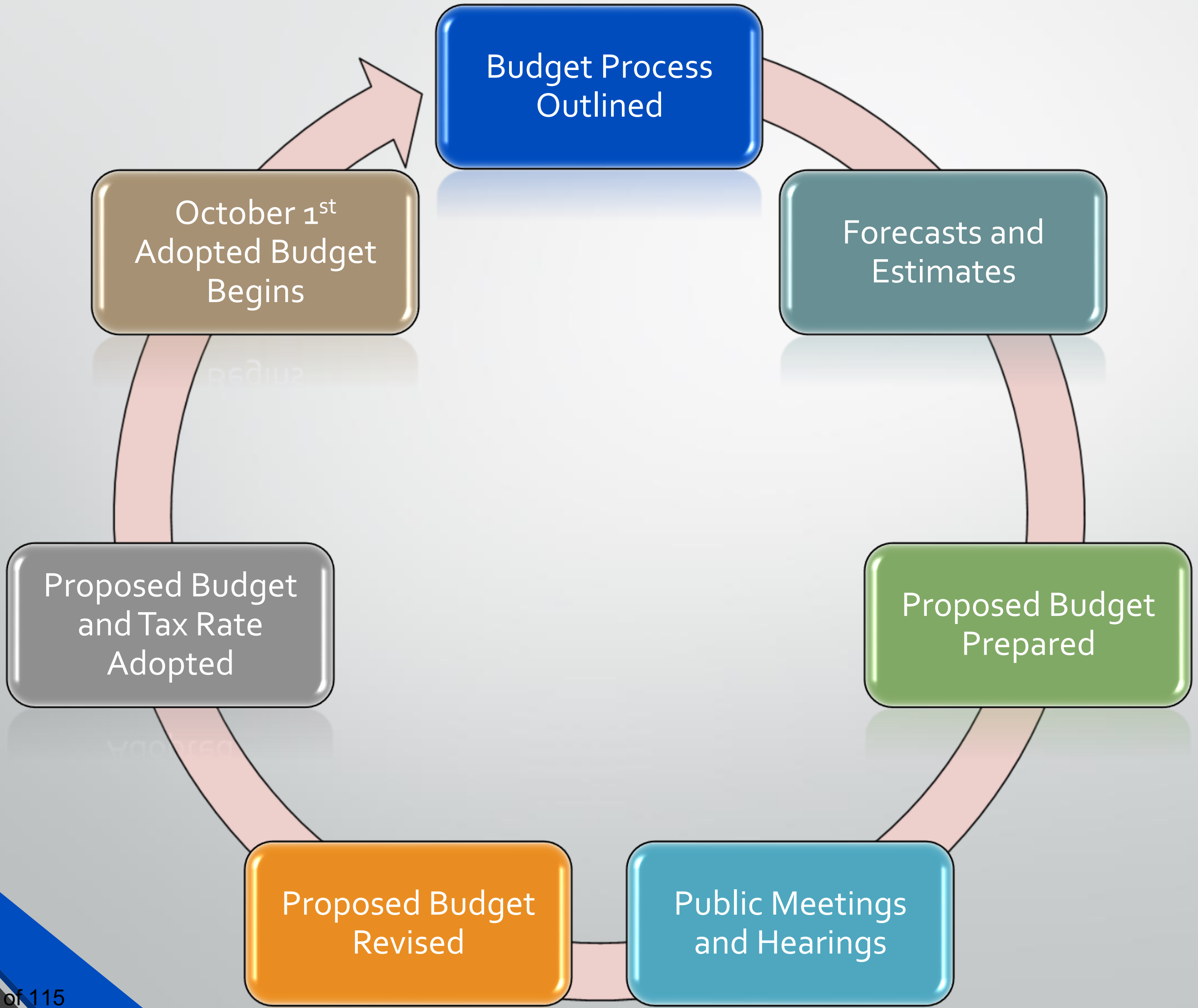
- Budget is Balanced
- Budget Addresses City Council Priorities
- Focus on recruitment and retention of personnel, Public Safety, Streets, Parks & Community Services, Library Services
- Consistent with Council approved Financial Policies

State Law provides certain parameters for municipal budgeting. Ch. 102 of the Local Government Code and the City's Charter lists out certain parameters for the budget process, what must be included and requirements for adopting the budget.

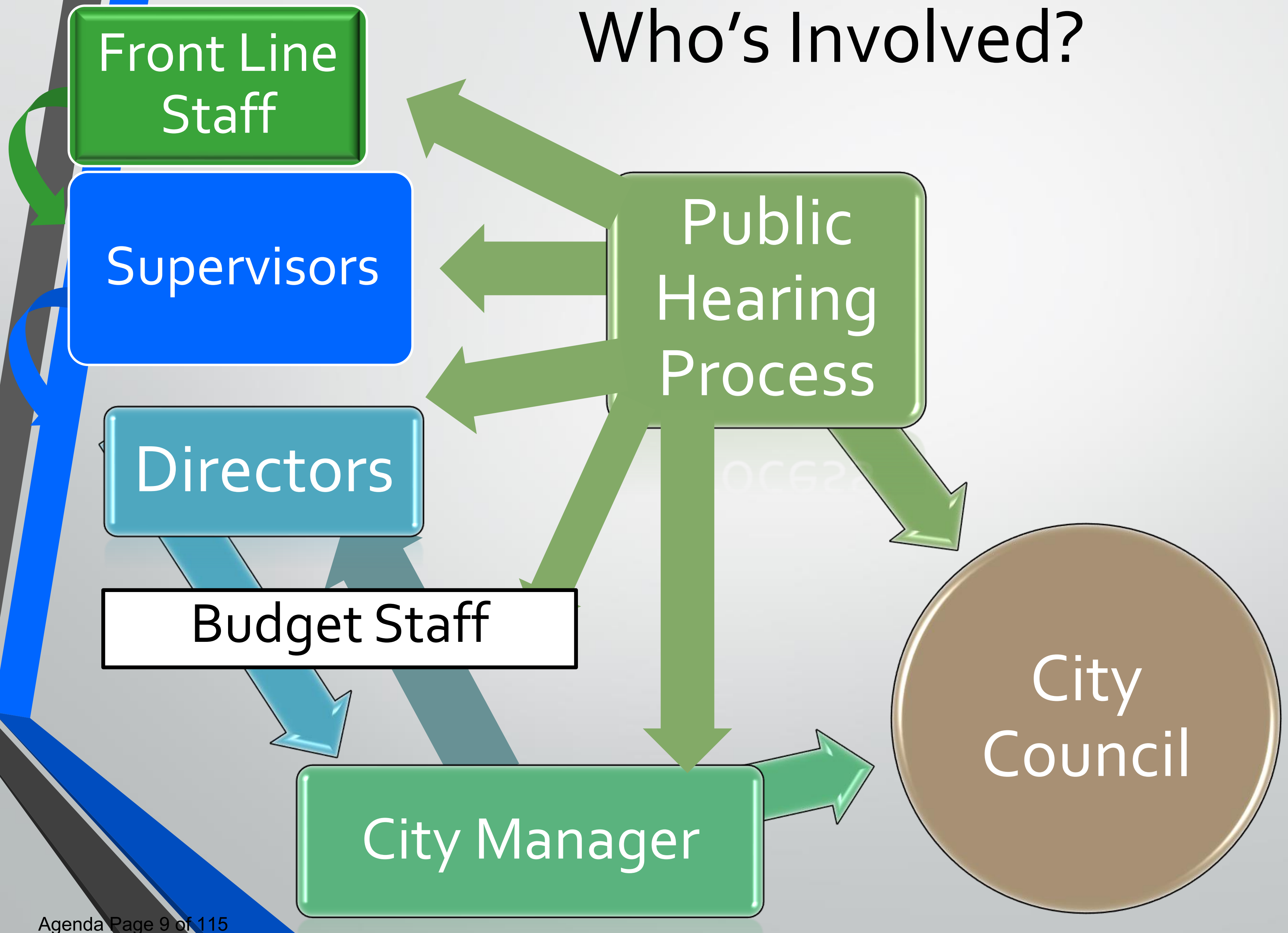
Budget Important Dates

- August 1st – Budget submitted to Council and posted on Website
- August 7th – 5:30 p.m. Staff Presentation of Budget Overview and Departmental Budgets
- August 7th – 6:30 p.m. Special Meeting (set public hearings, vote to consider tax rate, etc.)
- August 14th – 6:30 p.m. CCD Public Hearing
- August 28th – Budget Public Hearing, EDC Public Hearing
- September 11
  - Tax Rate Public Hearing
  - Meeting to adopt budget and Property Tax Rate

The Budget Cycle



Who's Involved?

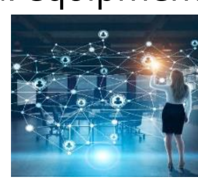


Long-Range Financial Plans

- Capital Improvement Plan
  - FY 2024-FY2028 CIP in progress
  - Rolling five year plan every year

- Personnel Improvement Plan
- Succession Plan

- Capital Outlay Plan Includes capital equipment, vehicles, technology and facilities



Other Contributing Plans:

- Strategic Plan (City & Economic Development)
- Comprehensive Plan
- Utility Rate Model
- Parks Master Plan

Significant Budget Considerations FY2023-2024

Revenues

- Sales tax collections moderate increases in current fiscal year and forecasted FY2024.
- Property tax revenues 3.5% revenue cap under SB2 not meeting inflationary increases.
- Some other revenues anticipated to be higher such as interest income, and charges for services.
- Certain user charges to be added/adjusted.

Inflationary impact on budget

Cost of services, personnel, supplies and capital outlay increases reflected in budget

Personnel Issues

- Retention and Recruitment challenges
- Goal to restore and fund certain positions and programs to pre-covid levels
- Move some ARPA funded positions into General Fund (Parks & Rec)
- Medical Plan premium increases 8% and retirement funding increase of 1.8%

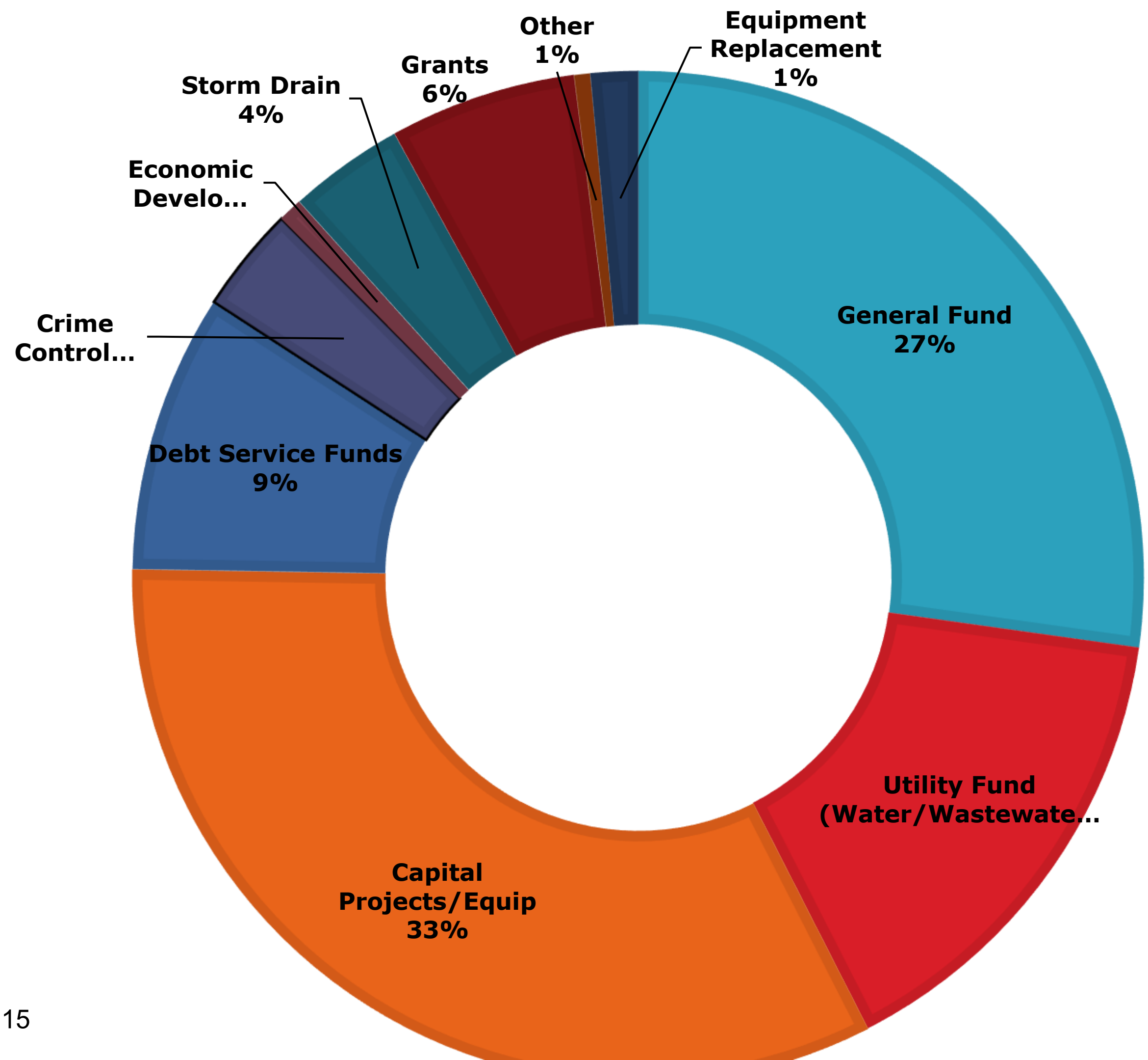
Funding sources

- Non-departmental expenses continue to be allocated to department/division to provide more transparency
- Grant Funds – Safer Grant ended FY2023 & remaining cost of personnel absorbed into General Fund, ARPA funds to be utilized this fiscal year, shift some personnel to General Fund

Combined Funds Budget Overview

Revenues and Expenditures

Total Proposed Budget by Funds - $66.87 million

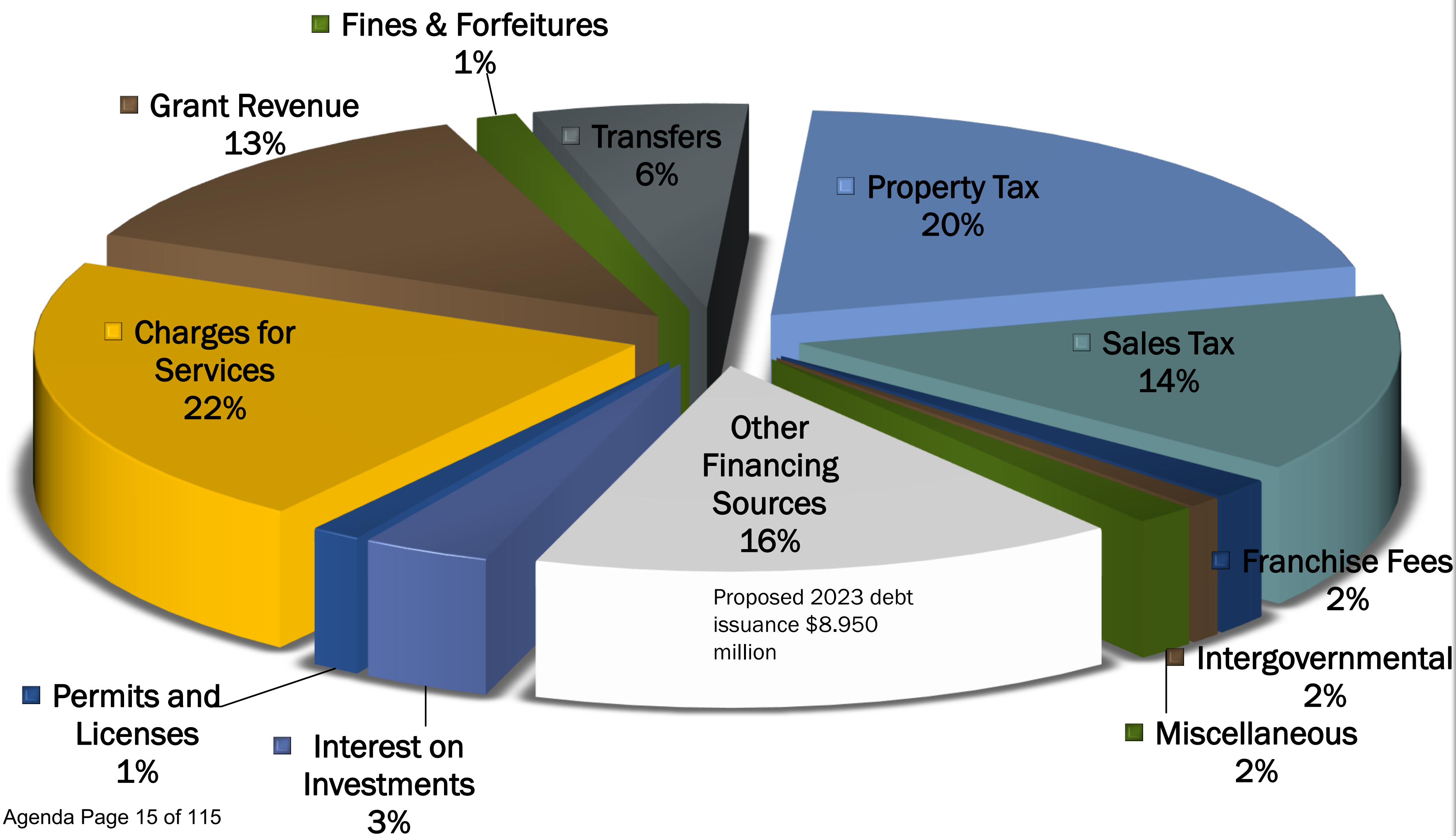


Total Proposed Budget – All Funds including Capital Funds

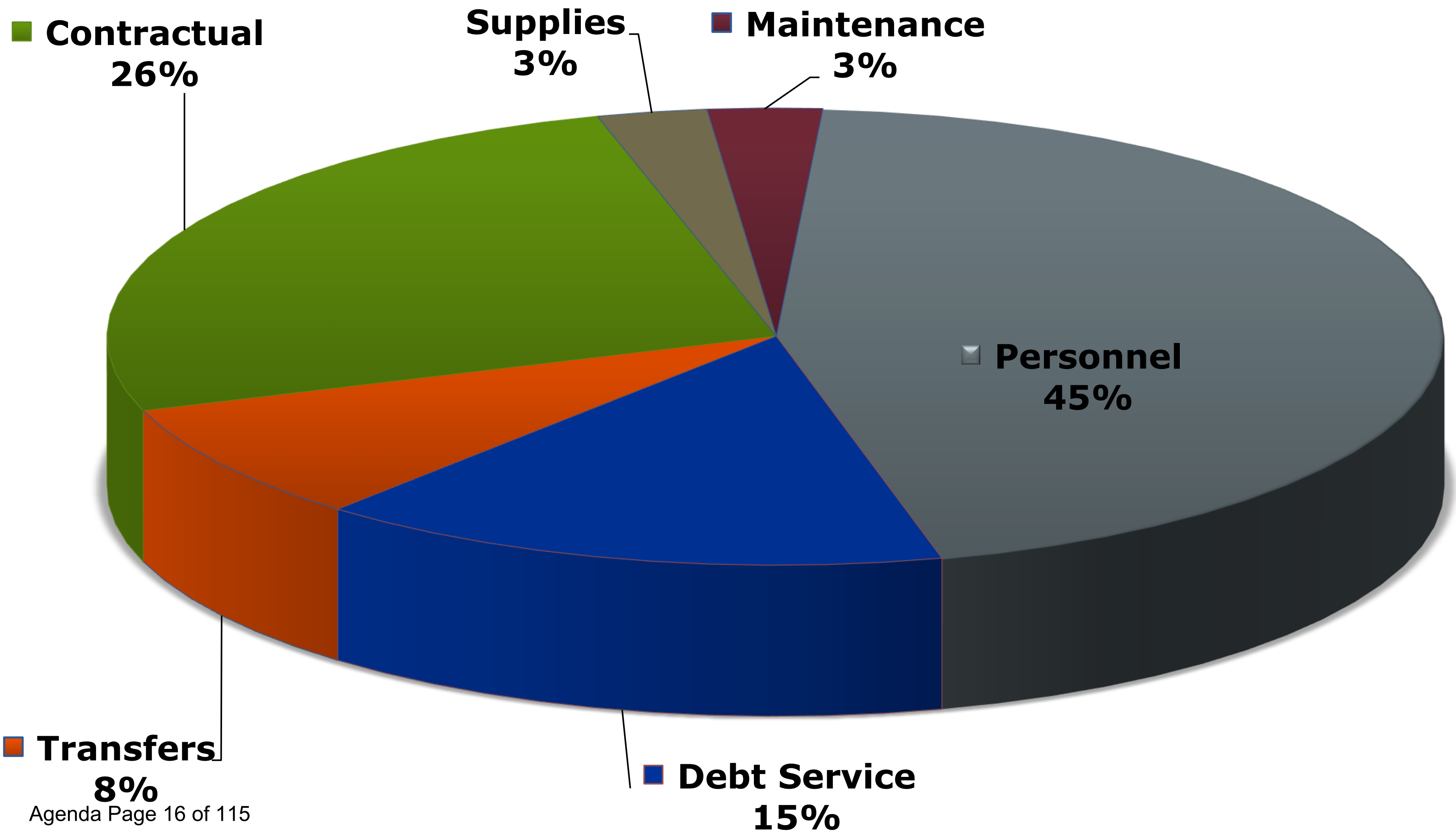
Fund	Beginning Fund Balance	Revenues	Expenses	Ending Fund Balance
General	**$8,430,927**	**$17,750,900**	**$18,199,170**	**$7,982,657**
Water & Sewer	**$2,804,570**	**$ 9,871,000**	**$10,218,024**	**$2,457,546**
Capital Funds	**$12,345,585**	**$13,485,100***	**$21,914,050**	**$3,916,635**
Sales Tax Funds (EDC and Crime, Street)	$3,691,148	$3,157,500	$2,835,166	$4,013,482
Grant Fund (ARPA) and SAFER	$ 7,920	$4,000,000	$4,000,000	$ 7,920
Debt Service – General and Utility	$ 876,439	$6,160,000	$5,949,931	$1,086,508
Storm Drain	$4,319,700	$1,645,000	$2,462,700	$3,502,000
Other Funds**	$ 3,912,041	$ 579,560	$1,291,550	$3,200,051
TOTAL	**$36,388,330**	**$56,649,060**	**$66,870,591**	**$26,166,799**

* Includes proceeds from debt issuance proceeds including Proposed 2023 CO

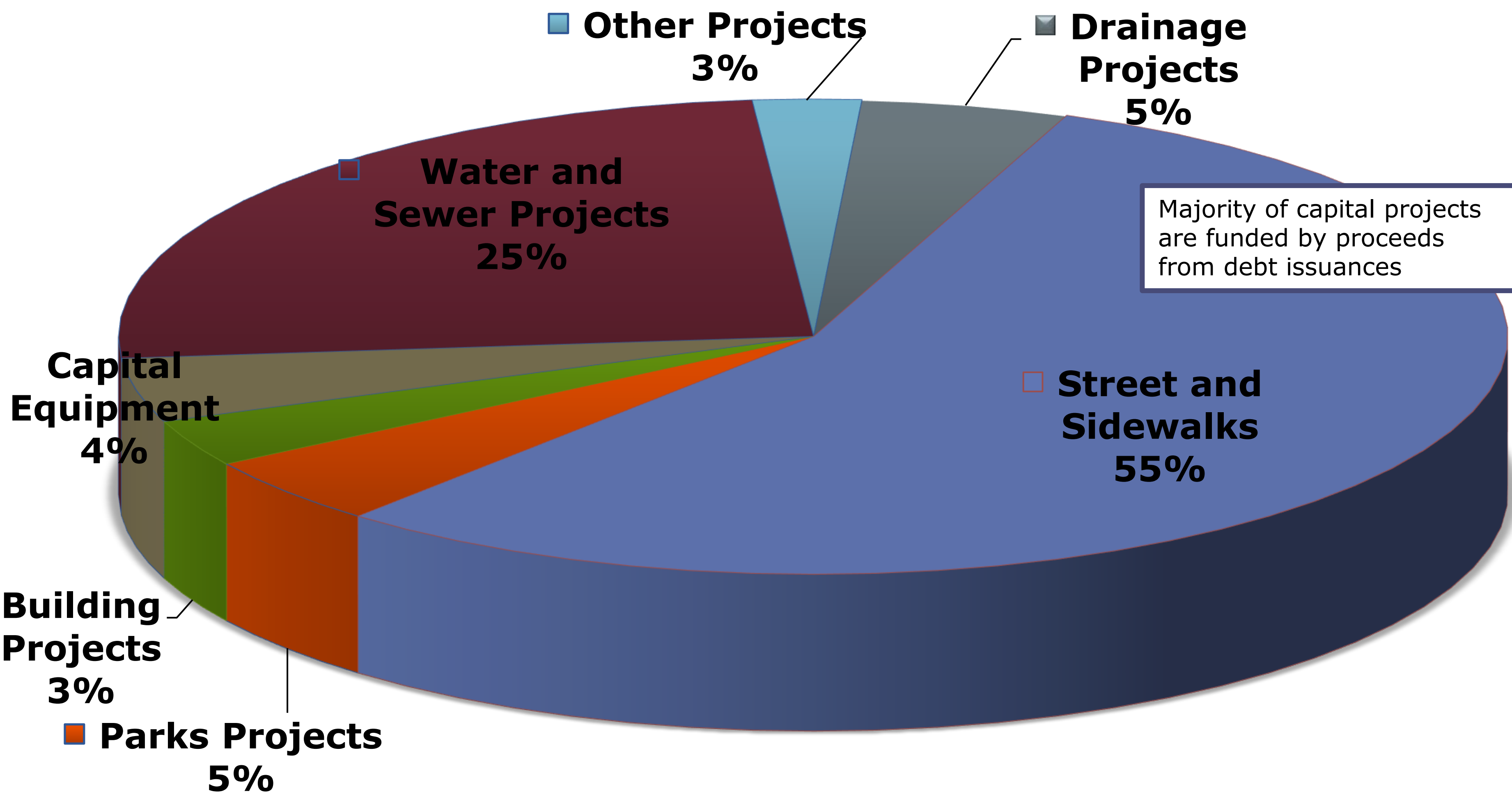
FY2023-2024 Estimated Revenues by Category – All Funds
$56.6 million (includes debt proceeds & transfers)



FY2023-2024 Proposed Operating Expenditures by Category $39.2 million



Current Year Capital Expenditures by Category $27.6 million



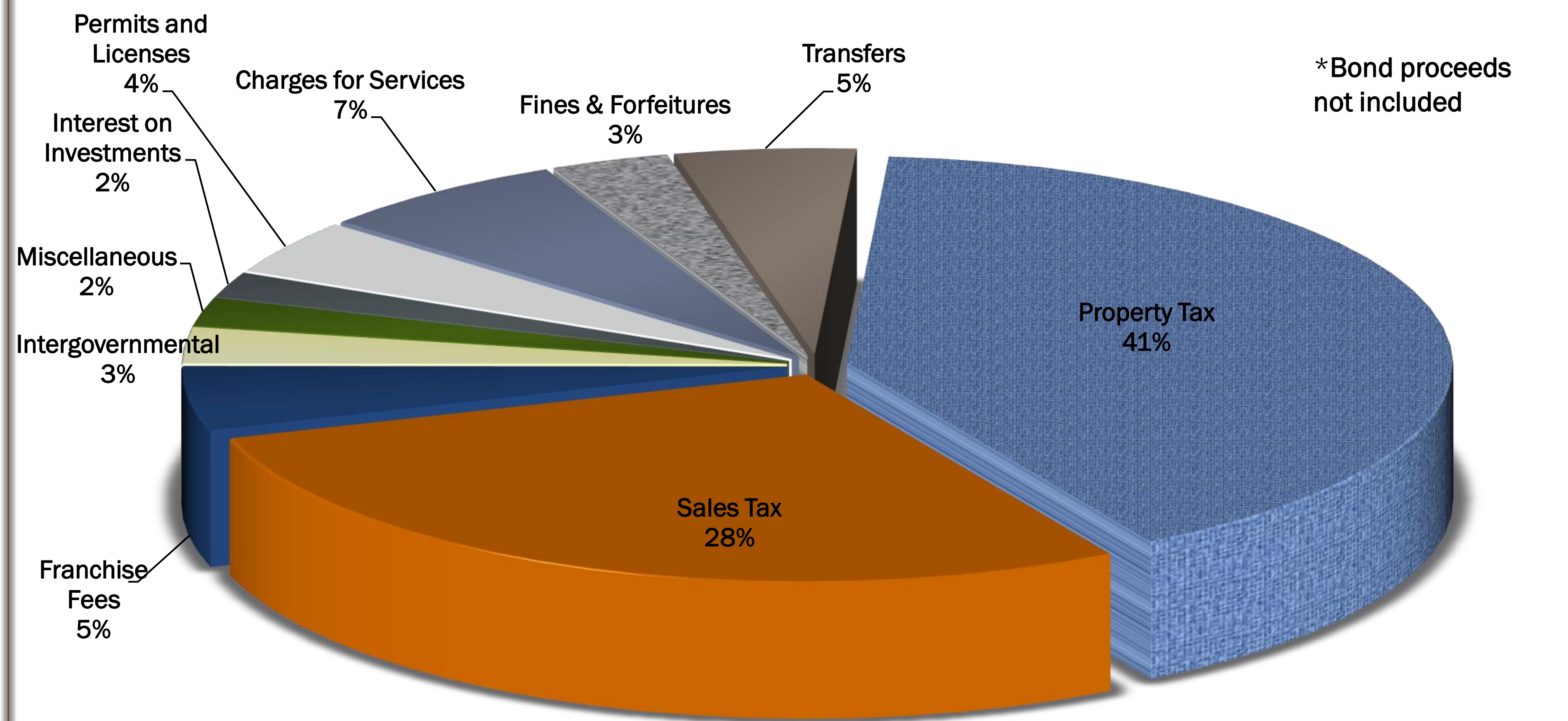
Majority of capital projects are funded by proceeds from debt issuances

Major Funds Overview

Revenues and Expenditures

Revenues by Category

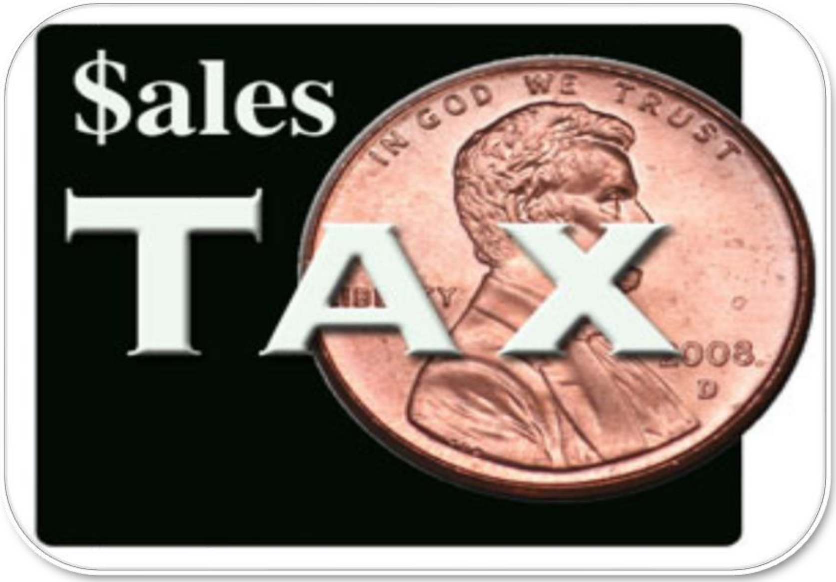
General Fund $17,750,900



General Fund Revenues

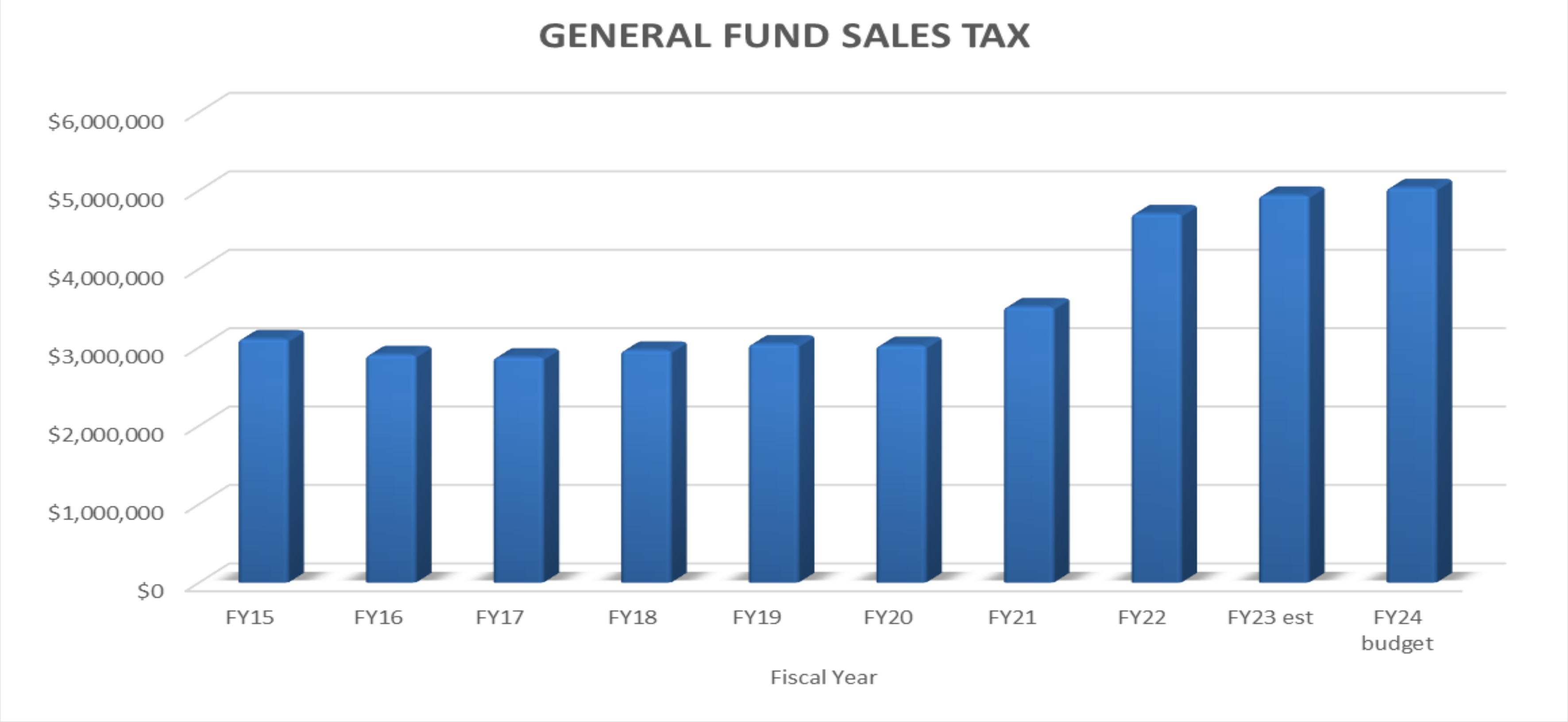
Source	FY2023 (orig) Budget	FY2023 Projected	FY2023-24 Proposed	% Change 2023-24 Proposed vs. 2022-23
Property Taxes	$6,571,720	$6,652,500	$7,194,500	9.4%
Sales Tax	$4,820,000	$4,940,400	$5,038,000	4.5%
Permits & Licenses	$ 602,300	$ 713,800	$ 762,700	26.6%
Fines & Forfeitures	$ 630,600	$ 469,400	$ 559,500	-11.3%
Charges for Services	$1,047,500	$ 1,067,000	$1,203,000	14.8%
Franchise Fees	$ 877,500	$ 891,500	$ 889,500	1.4%
Intergovernmental	$ 503,000	$ 503,000	$ 503,000	0.0%
Miscellaneous	$ 377,500	$ 770,600	$ 739,700	95.9%
Transfers from Other Funds	$ 818,000	$ 818,000	$ 861,000	5.3%
TOTAL	**$16,248,120**	**$16,826,200**	**$17,750,900**	**9.2%**

KEY BUDGET DRIVERS - REVENUES



Sales Tax Revenues General Fund

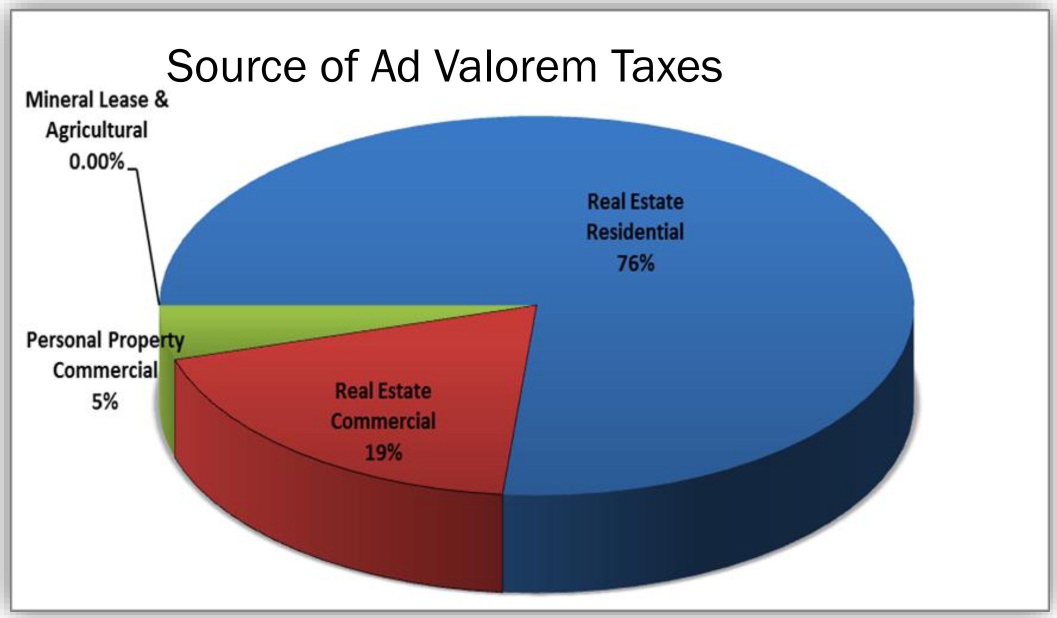
	FY2022-2023 BUDGET	FY2022-2023 PROJECTED	FY2023-2024 BUDGET (PROPOSED)
	$4,820,000	$4,940,000	$5,038,000



In FY2022, additional ¼ cent allocated to General Fund sales tax from Street Maintenance sales tax

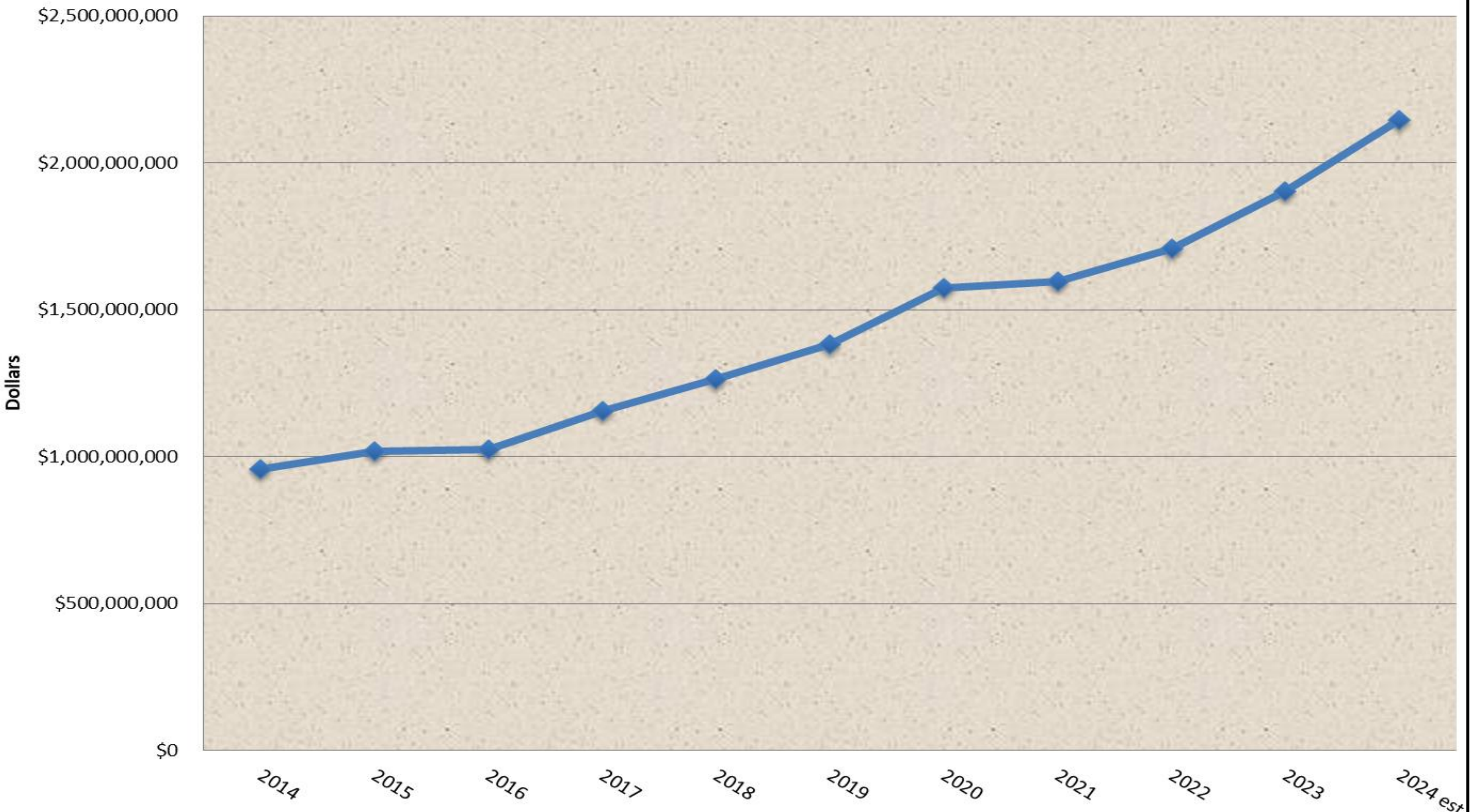
Certified July 25, 2023

ESTIMATED NET TAXABLE VALUES JULY 2022*	*ESTIMATED NET TAXABLE VALUES JULY 2023	CHANGE IN TAXABLE VALUATION
$1.898 billion	$2.147 billion	13% increase



*INCLUDES % OF VALUES IN PROTEST

Property Tax FY 2023-2024
Tax Year 2023



Property Tax FY 2023-2024
Tax Year 2023

	FY2022-2023	PROPOSED FY2023-2024
PROPERTY TAX RATE	**$0.5702/$100**	**$0.5702/$100**
DEBT RATE: OPERATIONS:	$.195013/$100 $.375187/$100	$ .210490/$100 $ .359710/$100
TOTAL TAX REVENUES	$9.9million	$11.1 million ↑ $1.15 m
Average Taxable Home Value	$194,833	$226,483

General Fund

CHANGES IN REVENUE

9%

Property Taxes

- 13% increase in valuations
- The average taxable value on a Watauga home has increased
- Tax rate proposed at .5702,maintaining the tax rate allows for additional revenue in General Fund & cover debt service increase for 2023 Debt issuance and supports the City's 5-year CIP.

4%

Sales Tax

- Forecasting 4.5% increase from FY22-23 Budget
- Forecasting a 2% increase from current fiscal year end estimates

(11)%

Fines and Forfeitures

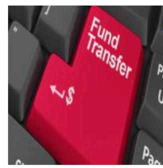
- Citation collections are decreasing in current year and projected to continue downward trend in FY2023-24 due to staffing issues in Police Department.

General Fund

CHANGES IN REVENUE

Charges for Services — 15%

- Increases to user fees for recreation programs and an increase in ambulance collections.



Transfers from other Funds — 5.3%

- Increase due to EDC transfer for Staffing Reimbursement increase from prior year to reimburse General Fund for staff hours and transfer from performing work for the Corporation. And transfer for SIF.

Miscellaneous — 96%

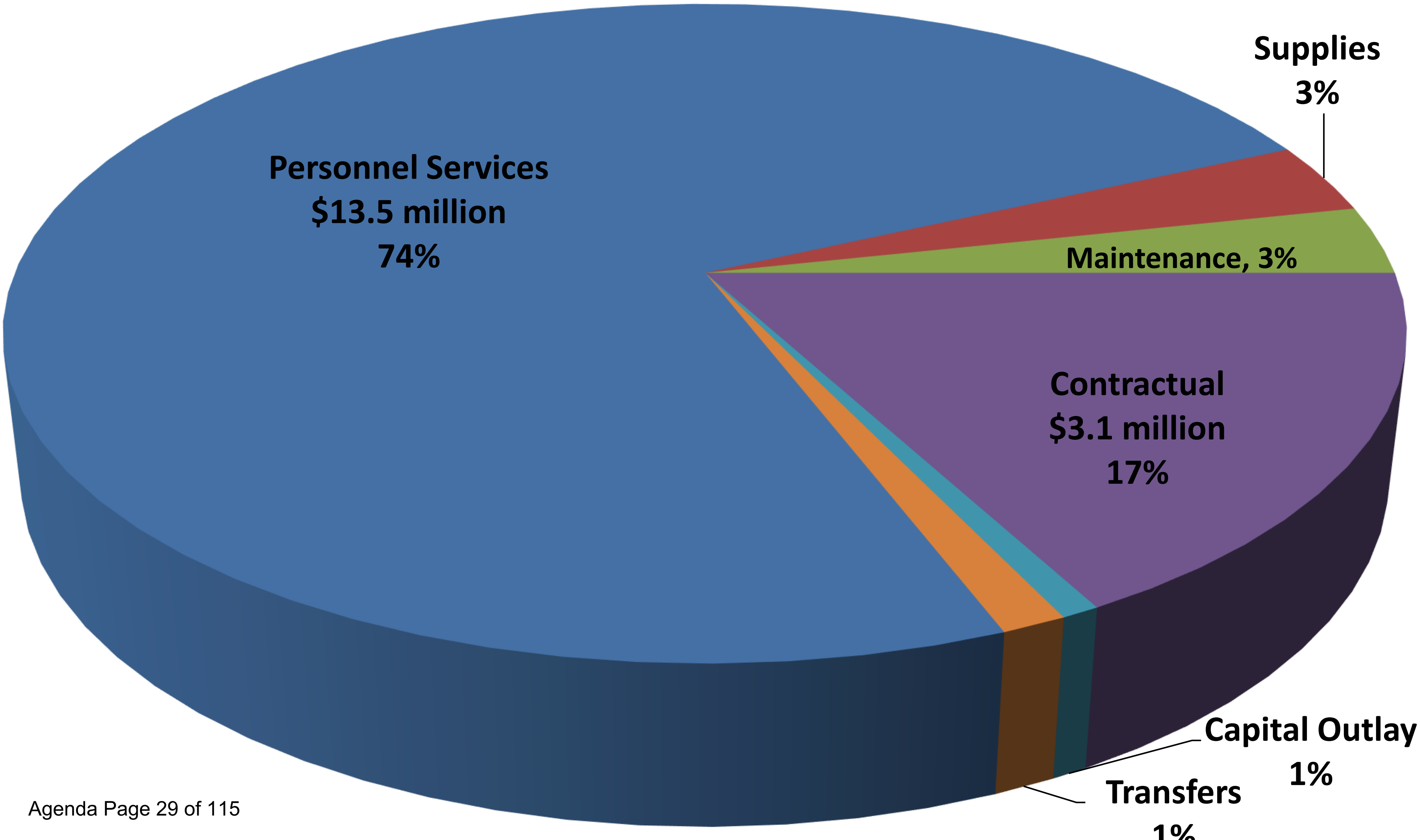
- Increase in interest income due to high interest rate environment.
- Increase in rental of rec. facilities, Wataugafest revenue, and other revenue

Significant Budget Items FY2023-2024

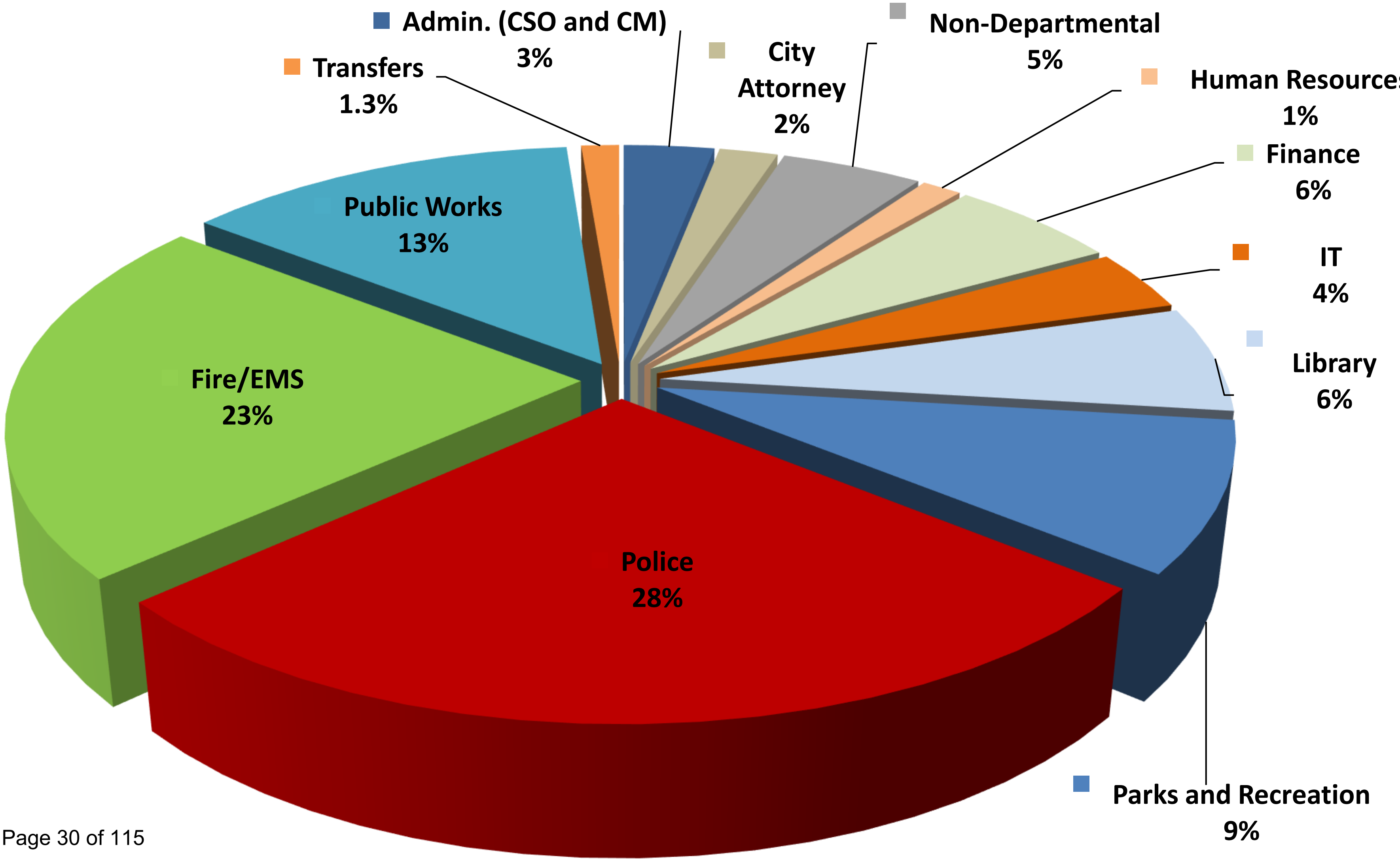
General Fund Change in Expenditures by category compared to FY2022-2023

CATEGORY	ONE-TIME	ON-GOING
PERSONNEL COLA 5% Civil service step increases Merit Increase general employees FIRE/EMS SAFER grant, end of funding ARPA position transfers to GF (3.5 FTE) PIP Funding (4.5FTE) and reclassifications Medical Ins., 8% increase, TMRS funding 1.8% increase	$100,000	$1,442,000
SUPPLIES		$ 14,000
MAINTENANCE	$ 47,500	
CONTRACTUAL Home Program (reallocated), Shared Services NRH, Employee Programs, Pre- employment expenses, Risk Insurance, training, recreation programs enhancement/additional programs, debris disposal		$181,000
Senior Center Demo, Election Expenses	$ 80,000	
TRANSFERS Transfer for Street Maintenance	($250,000)	
CAPITAL OUTLAY	$ 120,100	
Totals	$ 97,600	$1,637,000

Proposed General Fund Expenditures by Category $18,199,170



Proposed General Fund Expenditures by Department/Function



General Fund Summary

	HISTORY	PROJECTED YEAR		BUDGET	CHANGE	
	2021-2022 Actual	2022-2023 Budget	2022-2023 Projected	2023-2024 Budget	FY2022-2023 to 2023-2024 $	%
Fund Balance, October 1	**$ 6,947,251**	**$ 7,274,688**	**$ 8,276,216**	**$ 8,430,927**	**$ 1,156,239**	
Revenues:						
Property Taxes	6,446,896	6,571,720	6,652,500	7,194,500	**$ 622,780**	9.4%
Sales Taxes	4,705,981	4,820,000	4,940,400	5,038,000	**$ 218,000**	4.5%
Permits and Licenses	741,399	602,300	713,800	762,700	**$ 160,400**	26.6%
Fines & Forfeitures	638,906	630,600	469,400	559,500	**$ (71,100)**	-11.3%
Charges for Services	1,024,127	1,047,500	1,067,000	1,203,000	**$ 155,500**	14.8%
Franchise Fees	791,372	877,500	891,500	889,500	**$ 12,000**	1.4%
Intergovernmental Revenue	502,600	503,000	503,000	503,000	**$ -**	0.0%
Miscellaneous	436,082	377,500	770,600	739,700	**$ 362,200**	95.9%
Operating Revenues	**$ 15,287,363**	**$ 15,430,120**	**$ 16,008,200**	**$ 16,889,900**	**$ 1,459,780**	**9.5%**
Operating Transfers-In:						
Transfers from Other Funds	779,300	818,000	818,000	861,000	**$ 43,000**	5.3%
Water/Sewer, Storm, EDC, Traffic Safety						
Total Operating Revenues and Transfers-in	**$ 16,066,663**	**$ 16,248,120**	**$ 16,826,200**	**$ 17,750,900**	**$ 1,502,780**	9.2%
Total Available Resources	**$ 23,013,913**	**$ 23,522,808**	**$ 25,102,416**	**$ 26,181,827**	**$ 2,659,019**	11.3%
Expenditures:						
City Manager	149,847	279,280	280,280	314,230	**$ 34,950**	12.5%
City Secretary	177,721	198,950	190,250	248,250	**$ 49,300**	24.8%
City Attorney*	*55,895*	*80,000*	*75,000*	70,000	**$ (10,000)**	-12.5%
City Attorney - Prosecutor*	*36,000*	*30,000*	*25,000*	25,000	**$ (5,000)**	-16.7%
Non-Departmental*	646,611	782,375	742,375	879,415	**$ 97,040**	12.4%
Human Resources	203,559	222,600	215,630	248,030	**$ 25,430**	11.4%
Development Services	168,679	223,510	225,170	291,860	**$ 68,350**	30.6%
Finance - Municipal Court Division*	369,707	424,960	414,510	456,110	**$ 31,150**	7.3%
Finance	538,292	584,810	577,645	603,210	**$ 18,400**	3.1%
Information Technology	495,879	615,760	608,739	683,240	**$ 67,480**	11.0%
Library	865,205	1,077,200	1,039,200	1,175,200	**$ 98,000**	9.1%
Recreation & Community Serv.	287,369	395,710	407,610	700,520	**$ 304,810**	77.0%
Parks**	579,228	629,030	662,130	947,785	**$ 318,755**	50.7%
Police Division	4,417,806	4,673,400	4,534,200	5,073,500	**$ 400,100**	8.6%
Fire / EMS	3,196,643	3,742,380	3,741,320	4,096,490	**$ 354,110**	9.5%
Public Works - Street Division	429,590	653,380	656,180	719,780	**$ 66,400**	10.2%
Fleet Maintenance	203,258	324,250	291,950	361,650	**$ 37,400**	11.5%
Building Maintenance	801,409	1,042,300	999,300	1,069,900	**$ 27,600**	2.6%
Operating Expenditures	13,622,697	15,979,895	15,686,489	17,964,170	$ 1,984,275	12.4%
City Attorney and City Attorney budgeted in non-departmental and Court through FY2020-2021 and moved to City Attorney in FY2021-2022						
Operating Transfers-Out						
To Capital Project Fund Debt&Eng	0	85,000	85,000	85,000	**$ -**	0.0%
Operating Surplus/(Deficit)	$ 2,443,966	$ 183,225	$ 1,139,711	$ (298,270)		
Transfers to Other Funds						
To Capital Project Fund Projects	1,115,000	400,000	400,000	150,000	**$ (250,000)**	100.0%
To Equipment Repl. - Fund Year 1	0	0	500,000	0	**$ -**	0.0%
Total Transfers to Other Funds	1,115,000	400,000	900,000	150,000	$ (250,000)	
TOTAL OPERATING & TRANSFERS	$ 14,737,697	$ 16,464,895	$ 16,671,489	$ 18,199,170	$ 1,734,275	13.7%
Fund Balance, September 30	$ 8,276,216	$ 7,057,913	$ 8,430,927	$ 7,982,657		
STRATEGIC INITIATIVE						
CHANGE IN FUND BALANCE	$ 1,328,966	$ (216,775)	$ 154,711	$ (448,270)		
% OF EXPENDITURES	61%	44%	54%	44%		

Water and Sewer Fund

Revenues and Expenditures

Water and Sewer Revenues

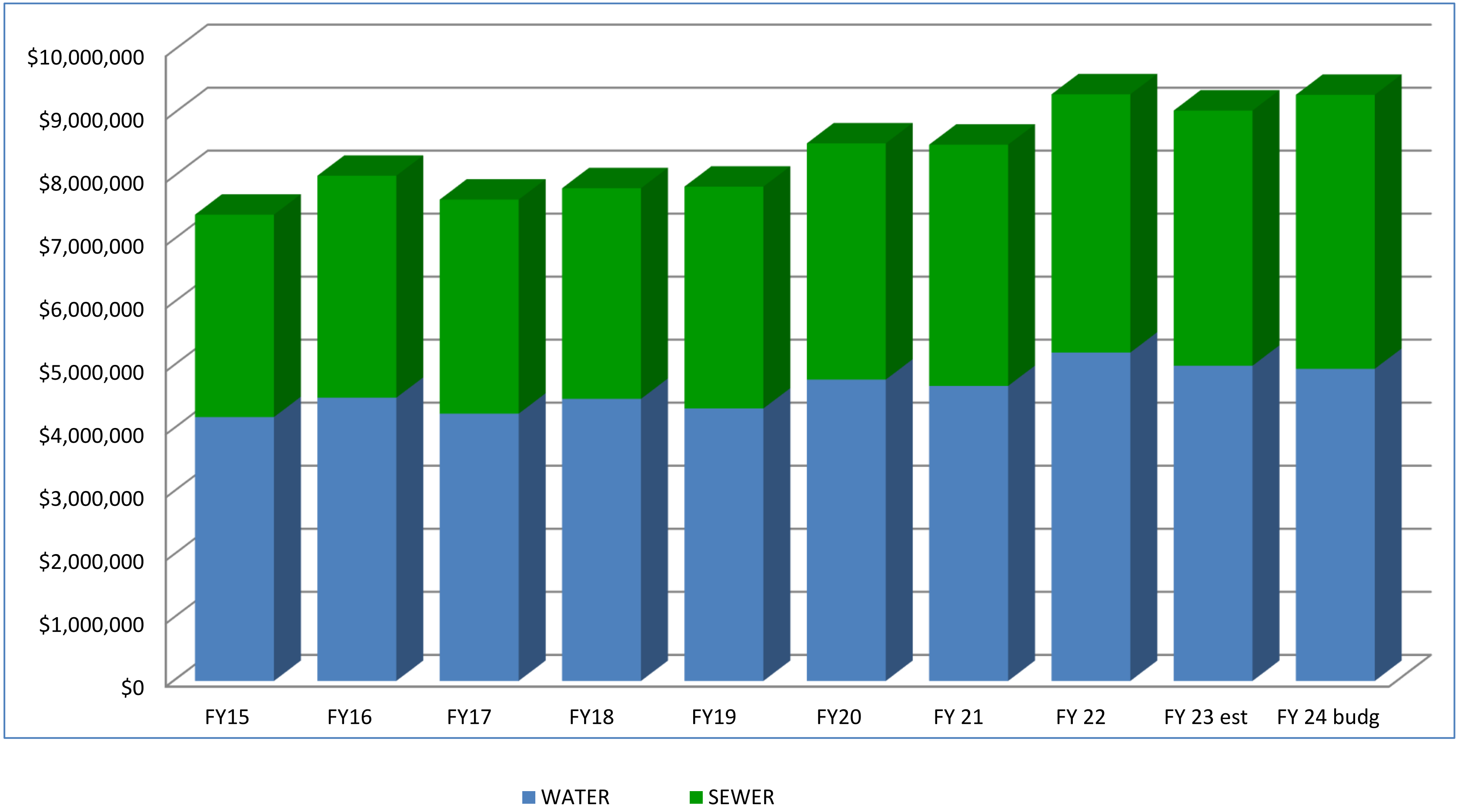
Goal of fund

- Goal to provide sufficient funds for operations and infrastructure improvements and maintain reserves

Rate Review

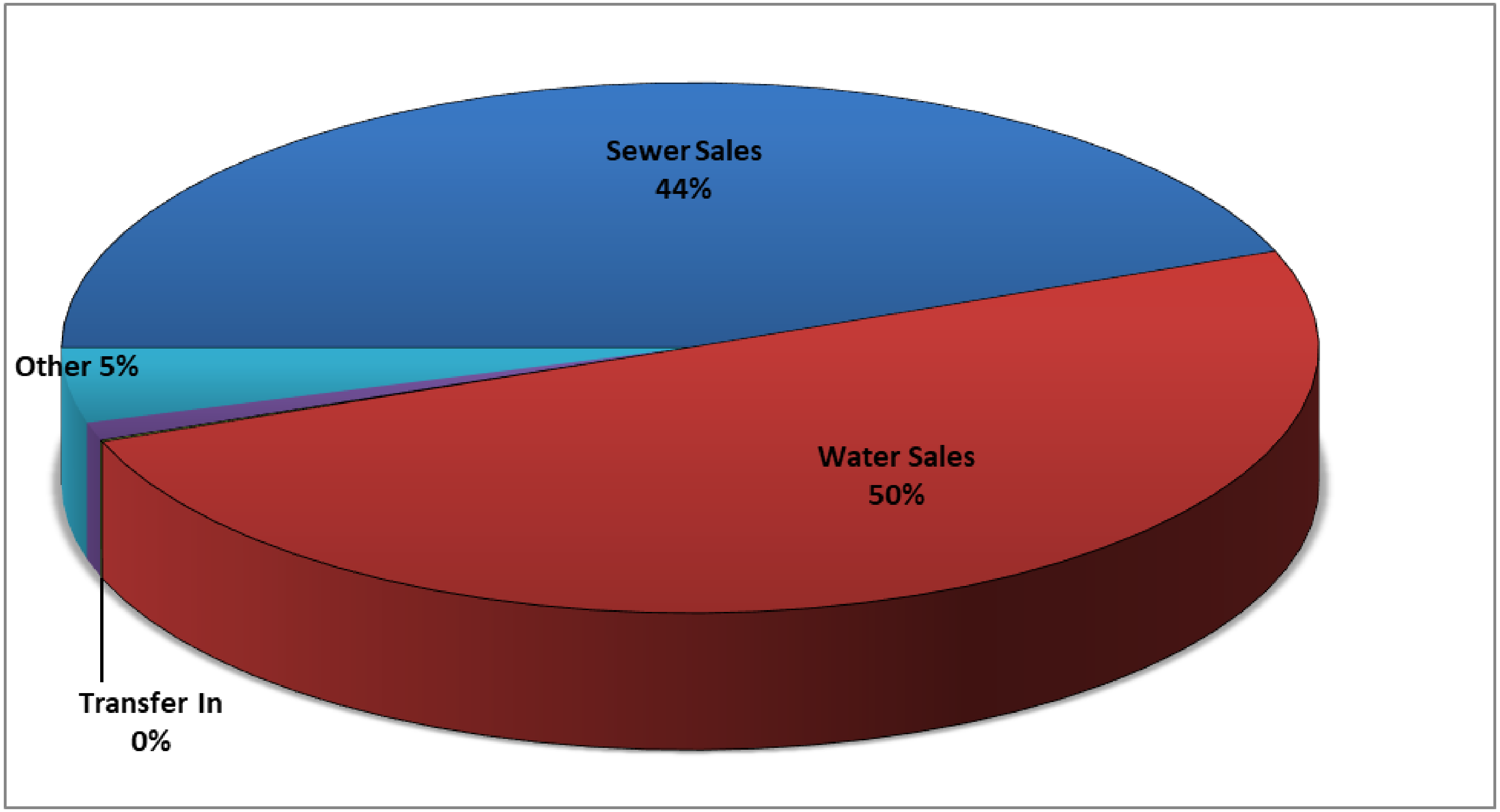
- Recommend rate model review in 2nd quarter of FY2023-2024 to ensure revenues cover cost increases of wastewater treatment and water wholesale costs

Historical Water and Sewer Revenues



Water and Sewer Revenues

$9,871,000

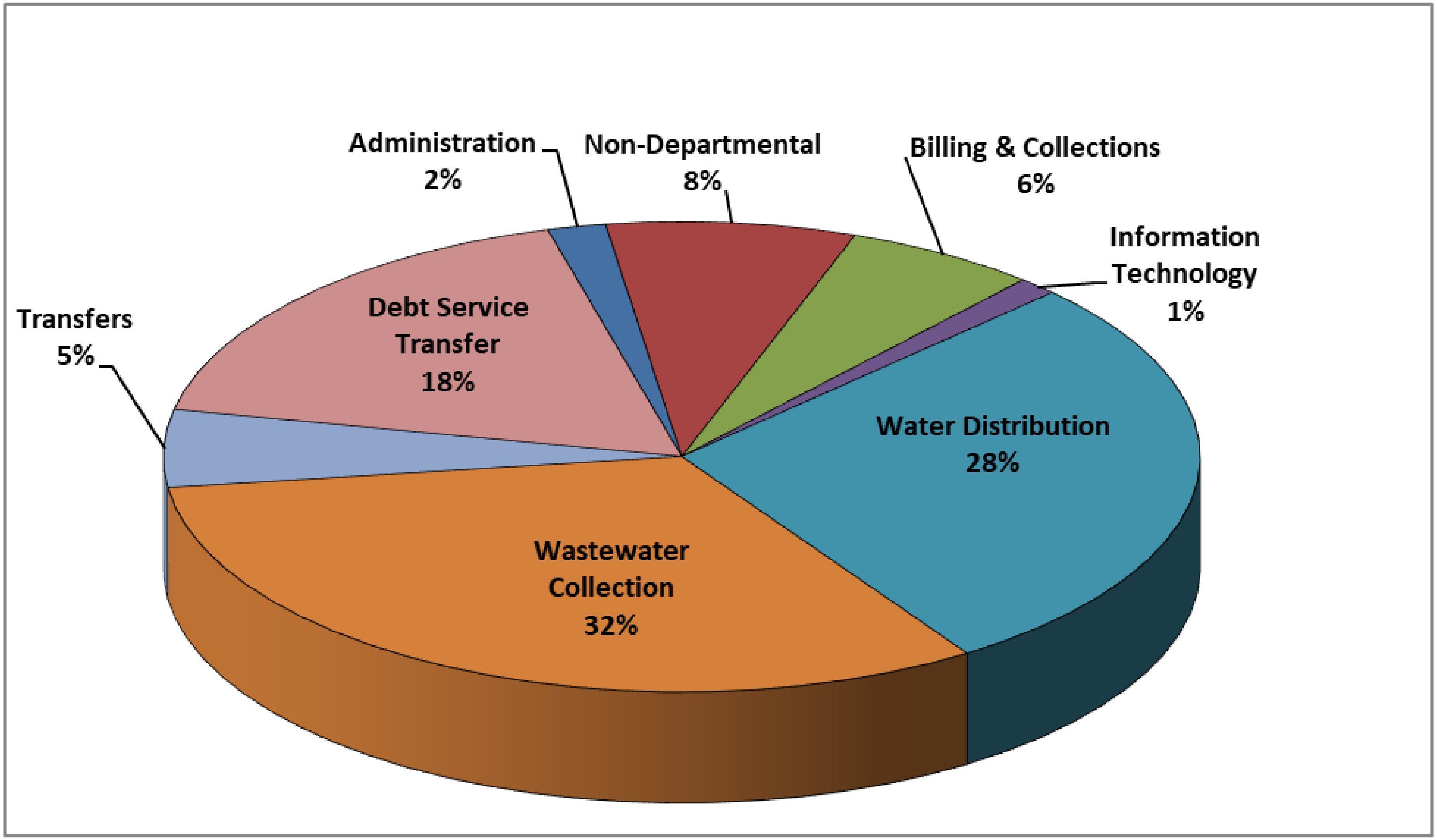


Water/Sewer Utility Fund Estimated Revenues

Source	FY2022-23 Budget	FY2023-24 Proposed	% Change FY2023vsFY2024
Water Sales	$4,900,000	$4,950,000	1%
Sewer Sales	$4,140,000	$4,350,000	5%
Other Revenue	$471,000	$ 571,000	21%
TOTAL	**$9,511,000**	**$9,871,000**	**4%**

Water and Sewer Proposed Expenses

$10,218,024



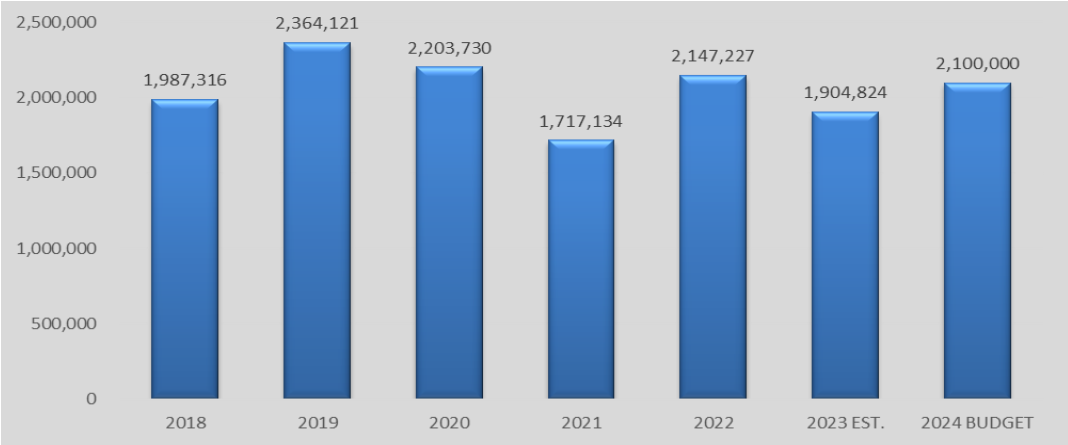
Water and Sewer Proposed Budget Summary

	2020-2021 Actual	2021-2022 Actual	2022-2023 Budget	2023-2024 Projected	2023-2024 Budget
Retained Earnings, October 1	**$ 1,571,504**	**$ 2,689,094**	**$ 2,734,712**	**$ 3,068,334**	**$ 2,804,570**
Revenues:					
Water Sales	4,679,157	5,208,540	4,900,000	5,000,000	4,950,000
Sewer Sales	3,828,805	4,098,737	4,140,000	4,050,000	4,350,000
Other Revenue	432,958	452,361	451,000	452,000	451,000
Interest Income	4,587	24,451	10,000	107,000	110,000
Operating Revenues	**$ 8,945,506**	**$ 9,784,090**	**$ 9,501,000**	**$ 9,609,000**	**$ 9,861,000**
Operating Transfers-In:					
Transfers In JUF - Other	10,701	611	10,000	10,000	10,000
Total Available Resources	**$ 10,527,711**	**$ 12,473,794**	**$ 12,245,712**	**$ 12,687,334**	**$ 12,675,570**
Expenditures:					
Administration	152,952	144,958	170,100	170,000	185,200
Non-Departmental	644,034	762,761	745,280	760,580	794,980
Billing & Collections	491,846	534,874	585,760	577,360	615,410
Information Technology	92,068	92,524	112,990	111,790	126,990
Water Distribution	2,217,721	2,639,706	2,818,615	2,747,220	2,865,830
Wastewater Collection	2,088,525	2,786,489	2,745,114	3,099,814	3,284,614
Total Operating Expenditures	5,687,144	6,961,312	7,177,859	7,466,764	7,873,024
Operating Transfers-Out					
To General Fund	430,000	430,000	440,000	440,000	440,000
To Joint Use Facility Fund	34,149	34,149	60,000	60,000	60,000
To CO Debt Service	1,598,324	1,760,000	1,726,000	1,726,000	1,800,000
To Revenue Bond Debt Service	0	0	0	0	0
To Water/Wastewater Construction	0	140,000	140,000	140,000	0
Total Operating Transfers-Out	2,062,473	2,364,149	2,366,000	2,366,000	2,300,000
Operating Surplus/(Deficit)	$ 1,206,590	$ 459,239	(32,859)	(213,764)	(302,024)
Transfers to Sustainability Funds					
To Equipment Repl. - Current Year	89,000	79,999	50,000	50,000	45,000
Total Transfers to Sustainability Funds	89,000	79,999	50,000	50,000	45,000
Net Income Before Transfers	3,269,063	2,823,388	2,333,141	2,152,236	1,997,976
TOTAL OPERATING & TRANSFERS	$ 7,838,617	$ 9,405,460	$ 9,593,859	$ 9,882,764	$ 10,218,024
Retained Earnings, September 30	**$ 2,689,094**	**$ 3,068,334**	**$2,651,853**	**$2,804,570**	**$2,457,546**
CHANGE IN NET ASSETS	$1,117,590	$379,240	($82,859)	($263,764)	($347,024)
% OF EXPENDITURES	33%	32%	27%	28%	24%

Wholesale wastewater treatment and water cost history

Wastewater Costs

Water Costs



Other Funds – Special Revenue
Economic Development Fund

- In 2018-2019, shifted Type B sales tax from a Parks focus to Economic Development

- Over last several years, a Strategic Plan and Business Recruitment Plan Developed. In FY2023-2024 will continue economic development efforts to attract new businesses and redevelopment.

- WEDC Contracts with the City for administrative and financial services. WEDC pays debt service for various projects – splash pad, branding signs, and Capp Smith Food Business Park project

- Revenues = $1,054,500
- Expenditures = $515,250 (includes transfers of $428,000)

Enterprise Funds – Drainage Utility Fund

- Funded by user fee charged to residential and commercial properties to provide for drainage services

- Capital drainage projects funded in this fund

- Revenues are projected at $1,645,000
- Operating Expenses are projected at $ 937,400
- Capital Projects budgeted at $1,331,300

Other Funds – Special Revenue
Crime Control and Prevention District

- Special Purpose District to fund and enhance law enforcement in Watauga. Funded by voter approved one-half cent sales tax.

- Revenues = $2,103,000
- Expenditures = $2,256,900
  - Provides funding for 12 sworn officers
  - Provides funding for various programs and equipment

- WCCPD budget balanced this year with one-time expenditures for police vehicle, rifle replacements, and traffic safety equipment.

Grant Funds ARPA

- The City received approximately $6.072 million in grant funds to provide for government services, capital infrastructure, and restoring City to pre-pandemic staffing levels.

- Grant Revenues = $4,000,000
- Expenditures = $4,000,000
  - Provides funding for infrastructure projects
  - Provides funding for positions, personnel programs, and equipment

- Multi-year funding source, to be fully expended by December 31, 2026

Other Funds – Special Revenue

- Municipal Court Funds
  - Revenues = $54,800
  - Expenses = $90,850

- Library Donation Fund
  - Revenues = $6,100
  - Expenses = $10,000

- Safer Grant
  - SAFER Grant revenues/expenditures = closed out FY2023

Other Funds - Fleet Inter-local Fund

- In 2019-2020, contracts with three surrounding cities to provide fleet services
- Since then, 2 additional cities have been added

- Labor costs currently in the General Fund to be charged to this fund for services rendered

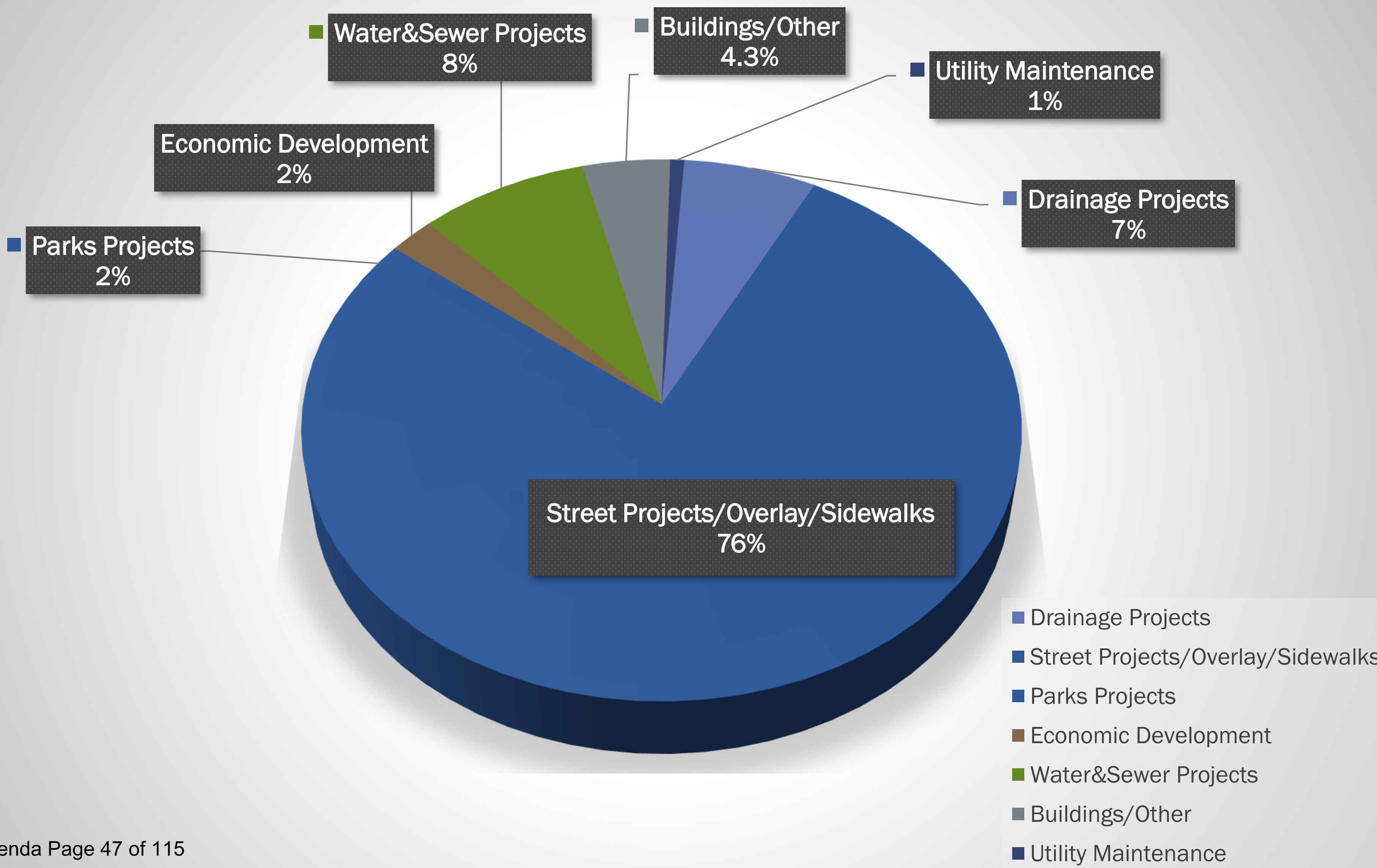
- Revenues projected at $110,000
- Expenses projected at $85,500

Capital Funds and Street Maintenance

- Capital Funds (General, Water and Sewer) primarily funded by bond proceeds
- Street Maintenance – This year to be paid from General Projects Fund by prior year transfer. Street maintenance was previously funded by ¼ Cent Sales Tax. Remaining fund balance will be used this budget year to pay for portion of street maintenance.
- Storm Drain capital projects budgeted in the Storm Drain Fund

- **Capital Improvement Plan Discussion on June 26, 2023**
- **Capital Outlay Plan Discussion on June 26, 2023**

FY2032-24 CIP PROJECTS = $24.8 million



2023-24 CIP Projects Overview

Project Type	Description
PARKS	❖ Whites Branch Creek Trail ❖ Park Vista Park Phase 1 – Sidewalk/Fill – Playground Equipment
DRAINAGE	❖ Whitley Road 4 & 5 ❖ Hightower Drive 1 ❖ North Park Storm Sewer – Add into Whitley Road 5 Project ❖ Starnes Road Storm Sewer – Add into Whitley Road 5 Project ❖ Park Vista Park – Culvert extension ❖ Bunker Hill Drainage
STREETS/SIDEWALKS	❖ Hightower Drive 1 ❖ Whitley Road 4 & 5 ❖ Watauga Road 1 ❖ Sidewalk Program 2023-2024 ❖ Overlay Program 2023-2024
WATER & WASTEWATER	❖ 48th Year CDBG – Emerson Drive Water Main ❖ Whitley Road 4 & 5 ❖ Hightower Drive 1 ❖ Water and Wastewater 2019 Projects – Construction ❖ Lead Water Service Line Identification ARPA
OTHER IMPROVEMENTS	❖ Food Park Site – Capp Smith *WEDC* ❖ Fleet Building Expansion ❖ Green Ribbon Projects - Beautification 377 corridor ❖ Building improvements – Parks facility storage/pole barn

Fund Balance Overview

Combined Summary – Estimated Beginning and Ending Fund Balances for all Funds

- FY2032-2024 Ending Resources = $26,166,799

All Funds meet or exceed minimum requirements

- General Fund 44% of operating expenditures
- Water & Sewer Fund 24% of operating expenditures

NEXT UP: DEPARTMENTAL BUDGET DISCUSSIONS

AGENDA MEMORANDUM

DATE: July 17, 2023

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Joshua Jones, City Manager

SUBJECT: Presentation of the City Manager's Proposed Budget - Departmental Budgets

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BACKGROUND/INFORMATION:
Staff will present the departmental budget information within the 2023-2024 Proposed Budget

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. DEPARTMENTS BUDGET PRESENTATION FY2023-24

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 8/2/2023
Linda Proskey, City Secretary	Final Approval - 8/2/2023

Approved as to form for inclusion on Agenda



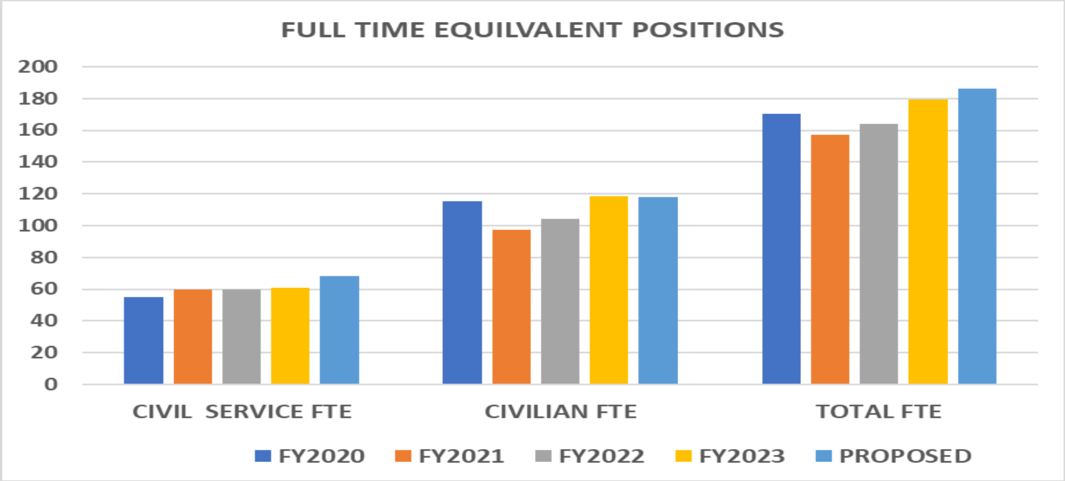
City of Watauga

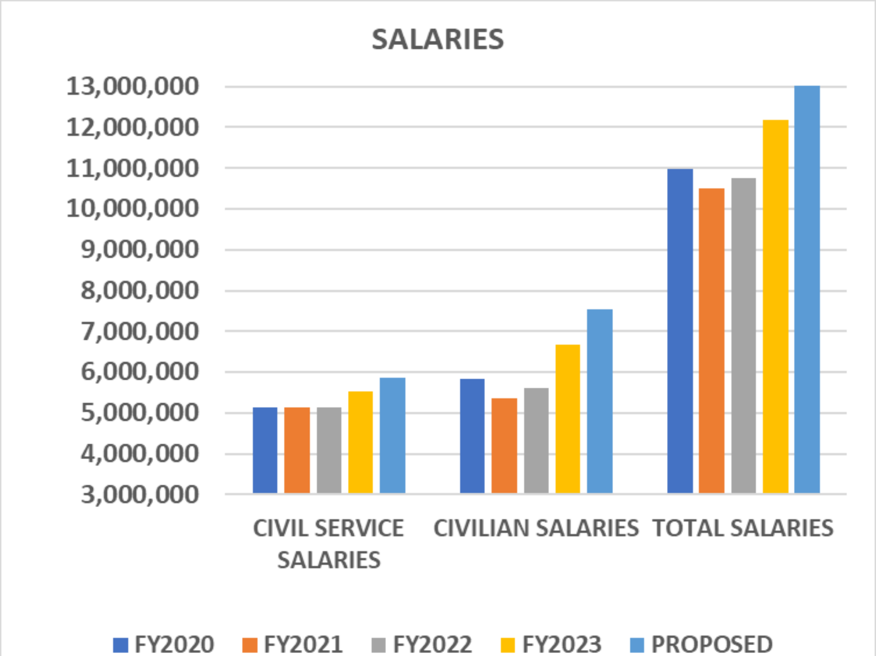
TEXAS

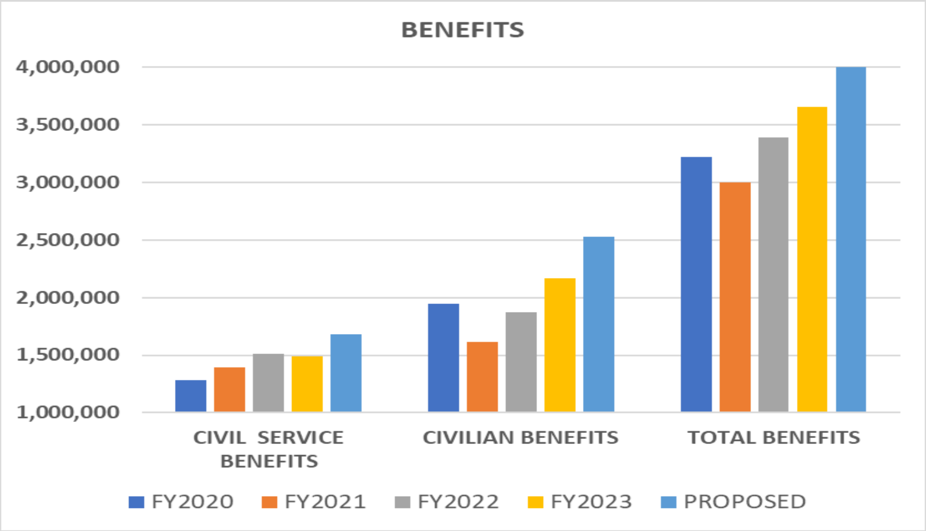
Fiscal Year
2023-2024

PROPOSED BUDGET - DEPARTMENTS

FTE, Salaries & Benefits Historical Comparison







BENEFITS INCLUDE:
TMRS
LONGEVITY
HEALTH INSURANCE
MEDICARE
CAR ALLOWANCE

DEPARTMENT REPORTS

Finance


Purchasing
Investments
Fixed Assets
Projects
General Ledger
Cash Management
Accounts Payable
Cash
Inventory

Finance
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	390,600	385,750	410,000
Supplies	3,500	3,000	3,500
Maintenance	9,400	9,535	9,600
Contractual/Sundry	181,310	179,360	180,110
Capital Outlay	0	0	0
Total	584,810	577,645	603,210

Finance
General Fund
Significant Impacts

- Benefits, position adjustment, retention, COLA/merit & TMRS adjustment
- Bidding/contract management platform adjustment
- Projected increase per Tarrant Appraisal District

Finance - Municipal Court
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	341,900	345,100	378,100
Supplies	4,800	3,800	4,400
Maintenance	1,500	1,250	2,350
Contractual Services	76,760	64,360	71,260
Total	424,960	414,510	456,110

Finance - Municipal Court
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustment
- Municipal court judge estimated decrease in court dates
- Decrease in court reporting (jury trials)

Finance - Municipal Court Special Revenue Funds Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	51,110	36,550	27,800
Contractual Services	18,000	11,500	9,050
Capital Outlay	14,600	14,600	15,850
Total	83,710	62,650	52,700

Finance - Municipal Court
Special Revenue Funds
Significant Impacts

- Ticket writer replacements and scanners
- Benefits, retention, COLA/merit & TMRS adjustment
- Court technology enhancements

Finance - Utility Billing & Collections Water/Sewer Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	481,400	472,700	503,050
Supplies	56,100	58,400	58,100
Maintenance	8,000	9,000	8,000
Contractual Services	40,260	37,260	40,760
Capital Outlay	0	0	5,500
Total	585,760	577,360	615,410

Finance - Utility Billing & Collections
Water/Sewer Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustment
- Work order mobile app addition (New Request FY23-24)

Non-Departmental

Non-Departmental General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	95,000	104,900	170,000
Supplies	32,000	25,500	26,000
Maintenance	0	0	0
Contractual Services	655,375	611,975	683,415
Total	782,375	742,375	879,415

Non-Departmental General Fund Significant Impacts

- Estimated insurance supplement & vacation buyback program
- Postage usage adjustment
- Risk insurance premiums adjustment

City Attorney (contracted)

City Attorney Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Contractual Legal Services	110,000	100,000	95,000
Contractual Legal Services – EDC	10,000	8,000	10,000
Total	120,000	108,000	105,000

The City attorney provides professional legal services and represents the City in all matters of litigation. The City Attorney also represents the City in municipal court prosecution.

The City Attorney also represents the Economic Development Corporation in all matters of litigation.

Police Department

Police General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	3,967,200	3,828,000	4,342,000
Supplies	56,300	56,300	56,300
Maintenance	5,200	5,200	5,200
Contractual Services	636,700	636,700	670,000
Capital	8,000	8,000	0
Total	4,673,400	4,534,200	5,073,500

Police Department
General Fund
Significant Impacts

- Benefits, retention, COLA & TMRS adjustment
- Step increases adjustment
- Senior Code Officer position reclass (PIP FY23-24)
- Estimated shared services with North Richland Hills, Richland Hills & Haltom City adjustment
- ACO outdoor space reduction (New Request FY22-23)

Police – CCD (funded by ½ cent sales tax) Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	1,204,800	1,198,700	1,301,400
Supplies	175,600	161,100	170,500
Maintenance	264,200	256,400	268,700
Contractual Services	209,800	215,860	266,200
Capital Outlay	150,250	150,250	212,100
Transfers	38,000	38,000	38,000
Total	2,042,650	2,020,310	2,256,900

CCD Budget is adopted separately and has additional legal requirements for Public Hearing and adoption, per TLGC 363.

Police – CCD (funded by ½ cent sales tax)

Significant Impacts

- Benefits, retention & TMRS adjustment
- Step increases adjustment
- Computer supplies adjustment
- Axon maintenance agreement adjustment
- CADS/RMS estimate adjustment – NRH shared services
- Flock safety addition (New Request FY23-24)
- Drone program addition (New Request FY23-24)
- Policy management system adjustment (New Request FY23-24)
- Investigation expense increase
- Capital Outlay adjustments
- Crime scene barriers reduction (New Request FY22-23)
- Rifle refresh program addition (New Request FY23-24)
- Armory storage addition (New Request FY23-24)
- Portable radar speed signs addition (New Request FY23-24)
- Traffic safety data collectors addition (New Request FY23-24)

Fire/EMS

Fire/EMS General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	3,284,100	3,285,000	3,573,200
Supplies	147,600	153,780	158,660
Maintenance	67,640	60,620	76,280
Contractual Services	233,040	231,920	244,350
Capital Outlay	10,000	10,000	44,000
Total	3,742,380	3,741,320	4,096,490

Fire/EMS General Fund Significant Impacts

- Benefits, retention, COLA & TMRS adjustment
- SAFER Grant: 6 firefighters % funding adjustment
- Step increases adjustment
- Medical supplies adjustment
- Preventive maintenance costs adjustments
- Estimate increase for shared services with North Richland Hills, Richland Hills & Haltom City
- Training prop program adjustment 2nd year of 4-year program
- Fitness equipment addition (COP FY23-24)
- Mattress replacements addition (New Request FY23-24)

Community Services and Parks

Community Services General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	297,300	309,200	484,700
Supplies	16,700	19,700	23,600
Maintenance	8,300	8,300	8,200
Contractual Services	73,410	70,410	130,420
Capital Outlay	0	0	53,600
Total	395,710	407,610	700,520

Community Services General Fund Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustment
- Positions reclassification (PIP FY23-24)
- Summer camp positions (PIP FY23-24)
- Preschool teacher positions (PIP FY23-24)
- Reallocation positions from ARPA funding
- Reinstated summer camp program
- Reinstated preschool program
- Wataugafest expansion (revenues offset)
- Holidayfest expansion
- Nature programs expansion
- Intercom system addition (New Request FY23-24)
- Fitness equipment addition (COP FY23-24)

Parks
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	352,100	376,000	539,300
Supplies	44,500	45,700	59,200
Maintenance	60,000	60,000	84,400
Contractual Services	172,430	180,430	254,885
Capital Outlay	0	0	10,000
Total	629,030	662,130	947,785

Parks
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustment
- Position adjustment (PIP FY23-24)
- Splashpad chemicals adjustment
- Fertilizer/pesticides increase (New Request FY23-24)
- Trip hazard mitigation addition (New Request FY23-24)
- Demo Senior Center addition (New Request FY23-24)
- Trailer purchase addition (COP FY23-24)
- Park maintenance needs increase

Human Resources

Human Resources
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	131,900	135,800	145,400
Supplies	6,460	6,650	8,500
Maintenance	0	0	0
Contractual Services	84,240	73,180	94,130
Capital Outlay	0	0	0
Total	222,600	215,630	248,030

Human Resources General Fund Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Employee of Month program addition (New Request FY23-24)
- Employee awards program addition (New Request FY23-24)
- Employee referral program addition (New Request FY23-24)
- Various dues & subscriptions price adjustments
- First Responders EAP removal
- Pre-employment estimated needs adjustment

Information Technology

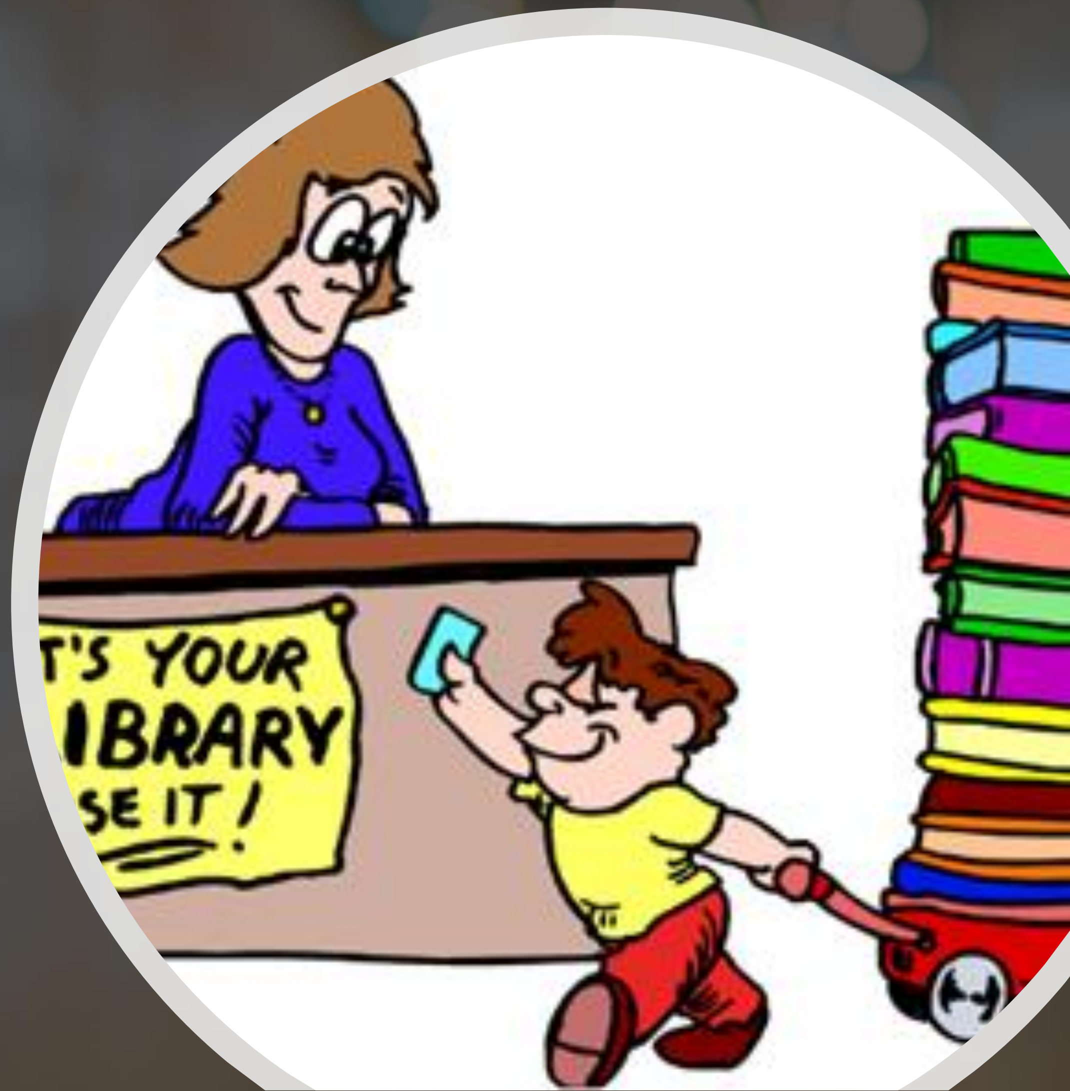
Information Technology General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	337,000	333,800	370,700
Supplies	20,800	20,800	20,800
Maintenance	196,830	195,939	215,490
Contractual Services	61,130	58,200	62,750
Capital Outlay	0	0	13,500
Total	615,760	608,739	683,240

Information Technology General Fund Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Hardware maintenance additions & adjustments
- Software maintenance adjustments
- Manage Engine AD360 addition
  (New Request FY23-24)
- Medic tablets replacement (New Request FY23-24)

Library



Library
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	776,100	756,400	872,500
Supplies	185,600	181,200	178,250
Maintenance	22,200	21,200	24,950
Contractual Services	93,300	80,400	99,500
Total	1,077,200	1,039,200	1,175,200

Library
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Position adjustment .25 FTE to 1.0 FTE (PIP FY23-24)
- Allocated vehicle to library expenses addition
- Laminator purchase addition (New Request FY23-24)
- RFID inventory device addition (New Request FY23-24)
- Mobile shelving addition (New Request FY23-24)
- AWE Learning warranty addition
- Library consortium adjustment
- Various dues & subscription cost adjustments

Public Works

Public Works - Development Services
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	187,440	187,000	218,100
Supplies	7,050	9,150	9,250
Maintenance	6,850	6,850	10,250
Contractual Services	22,170	22,170	54,260
Total	223,510	225,170	291,860

Public Works - Development Services
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Position adjustment (PIP FY23-24)
- Refurbish vehicles
- Plat filings adjustment
- GIS services adjustment
- Home program reallocated from Strategic Fund

Public Works - Streets
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	541,100	536,600	619,400
Supplies	28,900	28,900	28,900
Maintenance	52,300	52,300	33,800
Contractual Services	31,080	38,380	37,680
Total	653,380	656,180	719,780

Public Works - Streets
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Position adjustment (PIP FY23-24)
- School zone flasher upgrade addition (New Request FY23-24)
- Debris disposal needs & costs adjustment

Public Works - Fleet Services
General Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	274,900	240,850	299,000
Supplies	28,250	28,300	21,800
Maintenance	4,500	4,500	4,500
Contractual Services	16,600	18,300	19,350
Capital Outlay	0	0	17,000
Total	324,250	291,950	361,650

Public Works - Fleet Services
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Fuel island system upgrade addition (New Request FY23-24)

Public Works - Building Maintenance General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	511,300	467,700	534,700
Supplies	26,800	26,900	32,000
Maintenance	147,500	148,000	137,500
Contractual Services	356,700	356,700	365,700
Total	1,042,300	999,300	1,069,900

Public Works - Building Maintenance
General Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Water tower elevator upgrade addition (New Request FY23-24)
- Gas & electricity estimate adjustment

Public Works - Storm Drain Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	468,500	443,900	506,800
Supplies	37,400	37,400	37,400
Maintenance	37,000	37,000	37,000
Non-Departmental	111,980	111,980	111,980
Capital Outlay	2,706,160	451,400	1,331,300
Transfers	73,500	73,500	194,000
Contractual Services	86,520	185,820	244,220
Total	3,521,060	1,341,000	2,462,700

Public Works
Storm Drain Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- GIS consulting services adjustment
- Channel, right of ways mowing contract adjustment
- Capital projects adjustment
- Transfer to internal services adjustment

Public - Water Distribution Division
Water/Sewer Fund
Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	524,500	430,400	577,700
Supplies	32,800	33,000	32,800
Maintenance	39,900	49,900	15,900
Contractual Services	2,219,415	2,230,420	2,234,430
Capital Outlay	2,000	3,500	5,000
Total	2,818,615	2,747,220	2,865,830

Public - Water Distribution Division
Water/Sewer Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Environmental UCMR5 testing increase
- Testing costs increase
- Street maintenance reallocation to Water/Sewer capital projects fund

Public Works - Wastewater Collection Water/Sewer Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	486,000	435,200	619,000
Supplies	24,200	24,200	24,200
Maintenance	4,500	4,500	4,500
Contractual Services	2,230,414	2,635,914	2,636,914
Total	2,745,114	3,099,814	3,284,614

Public Works - Wastewater Collection
Water/Sewer Fund
Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- Position adjustments
- Testing costs increase
- Sewer costs adjustment

Economic Development Corporation

Economic Development Corporation Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Supplies	900	400	1,000
Maintenance	2,000	1,000	1,000
Contractual Services	84,950	72,875	85,250
Capital Outlay	1,200	2,000	0
Transfers	419,700	419,700	428,000
Total	508,750	495,975	515,250

Economic Development Corporation Significant Impacts

- Bludot subscription adjustment
- ISCS conference adjustment
- Community relations needs/analysis adjustment
- GIS consulting services adjustment
- Transfer allocation adjustment

City Secretary

City Secretary General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	167,350	167,350	206,200
Supplies	1,250	1,250	1,450
Contractual Services	30,350	21,650	40,600
Total	198,950	190,250	248,250

City Secretary Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments
- TMCA seminar adjustment
- Election expenses estimate adjustment
- Ordinance codification adjustment

City Manager

City Manager General Fund Expenditures

Category	Adopted FY 2023	Projected FY 2023	Proposed FY 2024
Salaries & Benefits	267,550	268,850	302,500
Supplies	300	300	300
Contractual Services	11,430	11,130	11,430
Total	279,280	280,280	314,230

City Manager Significant Impacts

- Benefits, retention, COLA/merit & TMRS adjustments

Direction

Questions

Comments